



U.S. Small Business Administration

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U.S. Small Business Administration

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NEWS for Eastern Iowa Lenders

Volume 2003, Issue No. 1 for October - December, 2002

Issued: December 2, 2002 To Economic Development Organizations in Eastern Iowa. Circulation: 530.

Important Changes to Our Loan Programs

There was a significant reduction in SBA's fees beginning October 1, 2002. Guarantee fees for most of our 7(a) loans, including all LowDocs, will be reduced and the ongoing servicing fee are also reduced.

The one time guaranty fee for 7(a) loans approved between **October 1, 2002 and September 30, 2004** is:

1% of the guaranteed portion if the total loan is up to \$150,000.

2.5% of the guaranteed portion if the total loan is > \$150,000 and ≤ \$700,000.

3.5% of the guaranteed portion if the total loan is > \$700,000. There is no change for loans of this size.

The ongoing servicing fee that lenders pay has been cut in half for all 7(a) loans approved between October 1, 2002 and September 30, 2004. Lenders will pay 25 basis points on the guaranteed portion of the loan balance. The reduced fee will remain in effect for the entire term of the loan.

Other ways to use SBA in larger projects:

- 504 loans will not be capped. You can use 504, for projects that qualify, for fixed assets and a companion 7(a) loan for working capital or short term items.
- STAR loan is a type of 7(a) loan that is capped at \$2 million because this program is funded by a special appropriation. This is for businesses that were adversely affected in any way by the events of September 11, 2001. All that is required for the application: a written narrative about the adversity must be retained the lender loan file and print "STAR LOAN" at the top of the lender's application form.

We anticipate the SBA will not have an approved budget to start the fiscal year on October 1, 2002. In that case we will operate under Continuing Resolutions. Until we get our final budget, the SBA will have to **cap** most of our 7(a) loans at **\$500,000**. After we get our budget we will let you know about any other changes.

Fresno Servicing Center Contact

Several changes have been implemented to improve program efficiency. If you have a servicing concurrence request and you are able to e-mail it, send it to fsc.servicing@sba.gov. If you don't have e-mail, fax it to (559) 487-5803. Traditional mailing is least efficient and should be avoided, if possible. Always reference the 10 digit SBA loan number. This number is always referenced on the SBA Loan Authorization in the form: GP-123456-40-02-CR. If you want to follow up on your request, there is an easy way to find out who is working on it. In our example above, the number 65 is the key. This is the sixth digit and the fifth digit of the loan number. The following table tells you who to contact:

6 th & 5 th digit is:	Contact Person	Phone number	Fax number	E-mail (preferred)
01 through 14	Loma Bell	(559) 487-5136 X224	(202) 481-4205	Loma.bell@sba.gov
15 through 28	Steve Davidson	(559) 487-5136 X242	(202) 481-5660	Steve.davidson@sba.gov
29 through 42	Olivia Fraijo	(559) 487-5136 X219	(202) 481-4758	Olivia.fraijo@sba.gov
43 through 56	Barbara Jung	(559) 487-5136 X253	(202) 481-0374	Barbara.junge@sba.gov
57 through 70	MaryJane Ochlschlaeger	(559) 487-5136 X228	(202) 481-4478	Maryjane.ochlschlaeger@sba.gov
71 through 84	Tim Sabbatini	(559) 487-5136 X231	(202) 481-5871	Tim.sabbatini@sba.gov
85 through 98	Lupe Zamora	(559) 487-5136 X245	(202) 481-4241	Lupe.zamora@sba.gov
99 through 00	Gary Wamhoff	(559) 487-5136 X227	(202) 481-4019	Gary.wamhoff@sba.gov

For Colson requests, send directly to Colson Services. If there is no response, send your request by email to fsc.1502@sba.gov. Email response time is within 24 hours. Telephone: (559) 487-5136 Theresa Pike X243 or Janet Shelly X207.

Was the nature of business of the small business concern eligible for SBA financing?

We will begin answering this question by detailing the types of businesses which **ARE NOT ELIGIBLE** for SBA Financing:

1. Non-profit businesses (for-profit subsidiaries are eligible);
2. Financial businesses primarily engaged in the business of lending, such as banks, finance companies, and factors (pawn shops, although engaged in lending, may qualify in some circumstances);
3. Passive businesses owned by developers and landlords that do not actively use or occupy the assets acquired or improved with the loan proceeds (except Eligible Passive Companies under Sec. 120.111);
4. Life insurance companies;
5. Businesses located in a foreign country (businesses in the U.S. owned by aliens may qualify);
6. Pyramid sale distribution plans;
7. Businesses deriving more than one-third of gross annual revenue from legal gambling activities;
8. Businesses engaged in any illegal activity;
9. Private clubs and businesses, which limit the number of memberships for reasons other than capacity;
10. Government-owned entities (except for businesses owned or controlled by a Native American tribe);
11. Businesses principally engaged in teaching, instructing, counseling or indoctrinating religion or religious beliefs, whether in a religious or secular setting;
12. Consumer and marketing cooperatives (producer cooperatives are eligible);
13. Loan packagers earning more than one third of their gross annual revenue from packaging SBA loans;
14. Businesses with an Associate who is incarcerated, on probation, on parole, or has been indicted for a felony or a crime of moral turpitude;
15. Businesses in which the Lender or CDC, or any of its Associates owns an equity interest;
16. Businesses which:
 - (1) Present live performances of a prurient sexual nature; or
 - (2) Derive directly or indirectly more than de minimis gross revenue through the sale of products or services, or the presentation of any depictions or displays, of a prurient sexual nature;
17. Unless waived by SBA for good cause, businesses that have previously defaulted on a Federal loan or Federally assisted financing, resulting in the Federal government or any of its agencies or Departments sustaining a loss in any of its programs, and businesses owned or controlled by an applicant or any of its Associates which previously owned, operated, or controlled a business which defaulted on a Federal loan (or guaranteed a loan which was defaulted) and caused the Federal government or any of its agencies or Departments to sustain a loss in any of its programs. For purposes of this section, a compromise agreement shall also be considered a loss;
18. Businesses primarily engaged in political or lobbying activities; and
19. Speculative businesses (such as oil wildcatting).

SBAEXPRESS PROGRAM

- SBA express was expanded in July 2002 and is now available to all lenders meeting the following conditions:
Have achieved at least an 85% currency rate on their SBA 7(a) portfolio for the last three complete fiscal years plus the elapsed portion of the current fiscal year.
- Be in good standing with their primary regulator.
- Recommendation of the lead SBA Field Office and concurrence of the Office of Lender Oversight.
- Be current in filing SBA required 1502 reports.
- Be current in remitting required SBA guarantee and servicing fees.

SBAExpress provides a 50% guaranty for term loans and lines of credit. Lenders can offer Lines of Credit with an SBA guaranty for terms of up to 7 years. SBAExpress loans are so flexible that unsecured projects up to \$25,000 may receive SBA backing. For SBA Express loans greater than \$25,000 and up to \$150,000, the lender is not required to comply with the SBA's collateral policy but must follow the collateral policies and procedures that it has established and implemented for similar size and type loans not guaranteed by the government. SBA's interest rate caps are much higher for express loans: 4 ½% on loans over \$50,000 and 6 ½% over prime on loans \$50,000 or less.

Some very recent changes make the program even more attractive to lenders. SBA will not require new SBAExpress lenders to have been reviewed in the past year and non-PLP lenders approving 12 or less Express loans per SBA fiscal year will not be charged for a review.

An updated guide for the SBAExpress program can be viewed at www.sba.gov/banking/ Application for SBAExpress status can be made to mike.davis@sba.gov Please contact our office if you have any questions.

Loans by Lender FY 2002

LENDER NAME	CITY	NO.	AMOUNT
WELLS FARGO BK IA/MN NA	CEDAR RAPIDS	24	\$4,238,400
IOWA BUSINESS GROWTH CO. (CDC)	WEST DES MOINES	21	\$4,745,000
BLACK HAWK ECONOMIC DEVELOPMENT, INC (CDC)	WATERLOO	8	\$2,143,000
FARMERS STATE BANK	MARION	6	\$706,500
HEDRICK SAVINGS BANK	OTTUMWA	6	\$480,200
IOWA BANK	BELLEVUE	6	\$745,200
IOWA ST. BK & TR CO	IOWA CITY	6	\$475,300
1 ST NATL BK – CEDAR FALLS	CEDAR FALLS	5	\$428,000
U.S. BANK NATIONAL ASSOCIATION	CEDAR RAPIDS	5	\$1,565,500
BANKIOWA	INDEPENDENCE	4	\$849,300
CEDAR RAPIDS BK & TR CO	CEDAR RAPIDS	4	\$832,000
COMMUNITY SAVINGS BANK	EDGEWOOD	4	\$1,200,000
E.C.I.A. BUSINESS GROWTH, INC. (CDC)	DUBUQUE	4	\$2,031,000
FAIRFAX STATE SAVINGS BANK	FAIRFAX	4	\$780,000
FIRST CENTRAL STATE BANK	DE WITT	4	\$505,500
FIRST NATL BK – MUSCATINE	MUSCATINE	4	\$279,500
NORTHWEST BANK & TRUST COMPANY	DAVENPORT	4	\$455,000
QUAD CITY BK & TR CO	DAVENPORT	4	\$277,500
1 ST NATL BK – WAVERLY	WAVERLY	3	\$519,000
CITIZENS STATE BANK	WAUKON	3	\$257,700
CRESCO UNION SAVINGS BANK	CRESCO	3	\$255,000
FARMERS SAVINGS BK & TRUST-VIN	VINTON	3	\$147,000
GATEWAY STATE BANK	CLINTON	3	\$707,000
LINCOLN SAVINGS BANK	CEDAR FALLS	3	\$475,000
STATE CENTRAL BANK	FORT MADISON	3	\$454,800
1 ST NATL BANK OELWEIN	OELWEIN	2	\$205,000
CITIZENS FIRST BANK	CLINTON	2	\$333,000
CLINTON NATIONAL BANK	CLINTON	2	\$165,000
COLLINS COMMUNITY CU	CEDAR RAPIDS	2	\$89,000
COMMUNITY STATE BANK	WEST BRANCH	2	\$525,500
FIRST MIDWEST BANK	MOLINE, IL	2	\$78,000
GE CAP. SMALL BUS. FINAN CORP	ST. LOUIS, MO	2	\$438,800
GUARANTY BANK AND TRUST CO.	CEDAR RAPIDS	2	\$55,000
IOWA STATE BANK	WAPELLO	2	\$98,000
PILOT GROVE SAVINGS BANK	PILOT GROVE	2	\$1,100,000
STATE BANK OF LAWLER	LAWLER	2	\$125,000
STERLING FEDERAL BANK, F.S.B.	CLINTON	2	\$127,500
UNION PLANTERS BANK NATL ASSOC	MEMPHIS, TN	2	\$313,500
AMER BANK & TRUST CO.	ROCK ISLAND, IL	1	\$75,000
BENTON COUNTY STATE BANK	BLAIRSTOWN	1	\$280,000
BRIDGE COMMUNITY BANK	MOUNT VERNON	1	\$35,000
CENTRAL STATE BANK	MUSCATINE	1	\$45,000
CENTRAL VALLEY BANK	FAIRFIELD	1	\$150,000

CIT SMALL BUS. LENDING CORP	LIVINGSTON, NJ	1	\$85,000
CITY STATE BANK	CENTRAL CITY	1	\$90,000
COMMERCIAL FEDERAL SAVINGS BANK	IOWA CITY	1	\$363,000
COMMUNITY FIRST BANK	KEOSAUQUA	1	\$45,000
COMMUNITY FIRST NATIONAL BANK	DECORAH	1	\$150,000
COMMUNITY NATIONAL BANK	WATERLOO	1	\$8,400
DANVILLE STATE SAVINGS BANK	DANVILLE	1	\$126,000
DUBUQUE BANK AND TRUST COMPANY	DUBUQUE	1	\$117,000
FARMERS & MERCHANTS SAVINGS BK	CEDAR RAPIDS	1	\$500,000
FARMERS SAVINGS BK & TRUST	TRAER	1	\$500,000
FARMERS STATE BANK	WATERLOO	1	\$75,000
FIRST SECURITY STATE BANK	EVANS DALE	1	\$150,000
FIRST STATE BANK OF LE ROY	SPRING VALLEY, MN	1	\$70,000
HILLS BANK AND TRUST COMPANY	IOWA CITY	1	\$81,900
IOWA ST. BK & TR CO	FAIRFIELD	1	\$50,000
KEOKUK COUNTY STATE BANK	SIGOURNEY	1	\$135,000
KEYSTONE SAVINGS BANK	MARENGO	1	\$500,000
METROBANK NATL ASSOC	DAVENPORT	1	\$525,000
NCB, FSB	HILLSBORO, OH	1	\$150,000
PALO SAVINGS BANK	PALO	1	\$80,000
READLYN SAVINGS BANK	READLYN	1	\$150,000
STEARNS BK NATL ASSOC	ST. CLOUD, MN	1	\$99,500
TEMECULA VALLEY BANK NATL ASSO	TEMECULA, CA	1	\$457,100
THE NATIONAL BANK	BETTENDORF	1	\$140,000
VALLEY BANK	ELDRIDGE	1	\$29,000
WASHINGTON FED. SAVINGS BK	WASHINGTON	1	\$63,000
WASHINGTON STATE BANK	WASHINGTON	1	\$307,400
		202	\$34,838,200

Loans by County FY 2002

County	Numbers	Amounts	Jobs
Allamakee	3	\$412,000.00	36
Benton	8	\$1,886,000.00	57
Blackhawk	20	\$2,449,900.00	198
Bremer	7	\$2,355,500.00	64
Buchanan	1	\$53,500.00	4
Cedar	1	\$490,500.00	50
Chickasaw	2	\$125,000.00	2
Clayton	3	\$870,000.00	15
Clinton	13	\$1,764,000.00	89
Delaware	2	\$746,000.00	93
Des Moines	6	\$791,800.00	68
Dubuque	4	\$1,585,000.00	167
Fayette	4	\$980,000.00	125
Henry	0	\$0.00	0
Howard	5	\$1,253,000.00	28

County	Numbers	Amounts	Jobs
Iowa	3	\$284,000.00	8
Jackson	8	\$1,268,600.00	82
Jefferson	3	\$240,000.00	26
Johnson	18	\$3,105,600.00	307
Jones	0	\$0.00	0
Keokuk	2	\$417,000.00	15
Lee	3	\$1,250,000.00	28
Linn	52	\$7,935,100.00	346
Louisa	1	\$100,000.00	9
Muscatine	5	\$341,500.00	13
Scott	16	\$1,270,500.00	142
Van Buren	1	\$45,000.00	2
Washington	2	\$333,000.00	5
Winneshiek	1	\$62,700.00	12
Totals	194	\$32,415,200.00	1,991

*These statistics include loans processed through our office in our 29 Cedar Rapids District counties only. Bank production totals are slightly higher since they include some loans made by banks located within our district to businesses located outside of the district.

Market Penetration by County FY 2002

County	Population	Businesses	\$/Capita	\$/business	Lns/100 bus
Allamakee	14,426	423	\$28.56	\$974.00	0.71
Benton	25,931	624	\$72.73	\$3,022.44	1.28
Blackhawk	126,483	3,178	\$19.37	\$770.89	0.63
Bremer	23,368	641	\$100.80	\$3,674.73	1.09
Buchanan	20,913	544	\$2.56	\$98.35	0.18
Cedar	18,144	499	\$27.03	\$982.97	0.20
Chickasaw	13,050	398	\$9.58	\$314.07	0.50
Clayton	18,539	556	\$46.93	\$1,564.75	0.54
Clinton	49,962	1,303	\$35.31	\$1,353.80	1.00
Delaware	18,325	466	\$40.71	\$1,600.86	0.43
Des Moines	41,743	1,229	\$18.97	\$644.26	0.49
Dubuque	88,856	2,627	\$17.84	\$603.35	0.15
Fayette	21,822	671	\$44.91	\$1,460.51	0.60
Henry	20,309	556	\$0.00	\$0.00	0.00
Howard	9,856	291	\$127.13	\$4,305.84	1.72
Iowa	15,901	514	\$17.86	\$552.53	0.58
Jackson	20,207	583	\$62.78	\$2,175.99	1.37
Jefferson	16,029	713	\$14.97	\$336.61	0.42
Johnson	111,230	2,677	\$27.92	\$1,160.10	0.67
Jones	20,065	514	\$0.00	\$0.00	0.00
Keokuk	11,403	271	\$36.57	\$1,538.75	0.74
Lee	37,313	1,051	\$33.50	\$1,189.34	0.29
Linn	193,165	5,317	\$41.08	\$1,492.40	0.98
Louisa	12,245	218	\$8.17	\$458.72	0.46
Muscatine	41,831	996	\$8.16	\$342.87	0.50
Scott	158,489	4,518	\$8.02	\$281.21	0.35
Van Buren	7,768	175	\$5.79	\$257.14	0.57
Washington	21,010	714	\$15.85	\$466.39	0.28
Winneshiek	21,423	604	\$2.93	\$103.81	0.17
Totals	1,199,806	32,871	\$27.02	\$986.13	0.59

We want Your Small Business Award Nominations

It's time to reward that small business person who gave you their business a while ago and is successful in business. Or nominate the local advocate or government official who has done much to advance the cause of small business in your community. We'll be happy to accept your nomination suggestion and find a formal nominator or we'll help you through the process if you want to do it yourself. Let's do what we can to make these nominations happen this year. Fill out the attached form with all the information you can and return it electronically or by mail to this office. Thank you for supporting our small business awards program.

SMALL BUSINESS AWARDS: Help us recognize outstanding business persons in eastern Iowa.

AWARD CATEGORIESPlease check one or more:

- ☐ **Small Business Person of the Year:** For developing an outstanding, growing business; innovative product(s), increasing jobs, increasing sales, overcoming adversity, and community contributions.
- ☐ **Small Business Exporter of the Year:** Significantly increased export sales and profits, encouraging other firms to export, increased jobs through exports, and innovative methods of creating markets.
- ☐ **Young Entrepreneur of the Year:** Owner will not reach 30th birthday by June 1, 2003, three-year evidence of success in sales and profits, increased jobs, innovative products, demonstrated potential.
- ☐ **Entrepreneurial Success Award:** Must own and operate a business that was launched small by SBA standards, received SBA assistance and has since grown into a large business.
- ☐ **Phoenix Awards:** Must be an individual or organization which has contributed substantially to disaster recovery.

Small Business Advocates of the Year: Those who promote small business, including volunteering time and services to small business interests and groups, advocating the cause of small business in the legislative process. Advocates may or may not be small business owners.

- ☐ **Financial Services Advocate of the Year:** Individuals who help small businesses obtain financing and accounting services.
- ☐ **Minority Small Business Advocate:** Advances business ownership for minorities.
- ☐ **Small Business Journalist of the Year:** Journalists/media who promote small business issues, contributions.
- ☐ **Small Business Research Advocate of the Year:** Academic and research contributions to the advancement of small business.
- ☐ **Women in Business Advocate of the Year:** Increases business opportunities for women.
- ☐ **Veteran Small Business Advocate:** Increases business opportunities for veterans.

NOMINEE INFORMATION

I Nominate * _____ Title _____

Company/Organization _____

Address _____

City _____ Zip _____ Phone _____ FAX _____

Nominees Qualifications for this Award -- short description :

*** You may nominate yourself.**

NOMINATOR'S INFORMATION (Optional):

Nominator Name _____ Title _____

Organization _____

Address _____

City _____ Zip _____ Phone _____ FAX _____

Please fax to (319) 362-7861 or mail this form before November 1, 2002:

**Small Business Awards Committee, U.S. Small Business Administration,
215 Fourth Avenue S.E., Suite 200, Cedar Rapids Iowa 52401-1806**

For more information, please contact: **Keith W. McBride, Public Information Officer (319)362-6405, Ext. 221**

Feel free to copy this form for additional nomination suggestions. A nomination binder with detailed materials will need to be prepared and submitted by December 20, 2002 to compete. SBA will contact the nominee and nominator with details, including a detailed "how to" brochure and sample nomination package. Thank you for your support!